



# CONSUMER ALERT

## PROTECT YOURSELF FROM INSURANCE FRAUD

*In weak economic times, consumers can avoid becoming victims by staying vigilant and knowing their options*

Insurance fraud has become a nationwide problem, highlighted by an increase in scams around the country and in the District of Columbia. In today's unstable economy, insurance fraud has the potential to get even worse as consumers may be looking for ways to cut down on their insurance costs. However, taking a shortcut when it comes to your insurance could prove catastrophic and costly.

Purchasing a policy without thoroughly researching it could leave consumers susceptible to insurance fraud, according to the D.C. Department of Insurance, Securities and Banking (DISB). Selecting the cheapest policy available without first checking into the agent or company could potentially leave consumers without any legitimate coverage. "What seems too good to be true often is," said DISB Commissioner Thomas E. Hampton. "Consumers need to be extremely careful not to take a shortcut with their insurance, which, in the long-term, can affect the safety and security of themselves and their loved ones."

Fake insurance companies and dishonest insurance agents can defraud consumers by collecting premiums for bogus policies with no intention or ability to pay claims. Phony home, health, life and auto policies typically are offered at rates that are significantly lower than the traditional market price in order to woo consumers who are trying to save money. But consumers can rely on DISB, the District's state insurance commissioners to actively protect them against fraud.

"DISB is always on the lookout for these individuals and companies," continued Commissioner Hampton. "Consumers can always protect themselves through proper research and vigilance."

### Verify the Provider

Before purchasing a new policy, the best way consumers can protect themselves is to research the insurance company and to read the Explanation of Benefits (EOB) to familiarize themselves with their coverage and confirm that their policies provide the coverage they need. For help with your research, consult the National Association of Insurance Commissioners' (NAIC) Consumer Information Source to review the company's financial and claims history. To use this free resource, go to <https://eapps.naic.org/cis/>. If you are unsure about the insurance company or agent you are dealing with:

- **STOP** before signing any paperwork or writing a check.
- **CALL DISB**, which is easily reached by phone at (202) 727-8000
- **CONFIRM** that the company or agent offering insurance is legitimate and licensed in D.C. Go to the DISB's Web site at [www.disb.dc.gov](http://www.disb.dc.gov).

### Watch for Hidden Fraud

Employees of legitimate insurance companies can also deceive consumers for personal gain. For example, an unscrupulous agent could collect premiums from a customer without delivering the insurance policy to the company. The insurance company could cancel or refuse to renew the policy. Signs of fraud with reputable companies include the failure to receive an insurance identification card or a copy of your policy in a timely manner. If you have questions or concerns, contact your insurance company directly or call DISB for assistance.

### Report Suspected Insurance Fraud

If you believe you have been a victim of insurance fraud, or if you are aware of an instance of insurance fraud, it is important to report it by:

- Contacting DISB to file a complaint against the insurance company.
- Visiting [www.naic.org](http://www.naic.org) and completing the form provided by the Online Fraud Reporting System (OFRS). Through the OFRS, consumers can take a proactive role in identifying and reporting insurance fraud.

### For More Information

Consumers can always get more information or explanation about their insurance policies from DISB. Visit DISB's Web site at [www.disb.dc.gov](http://www.disb.dc.gov) or [www.naic.org](http://www.naic.org) to find answers to your questions.

Get smart about your insurance needs. For more information about auto, home, life and health insurance options—as well as tips for choosing the coverage that is right for you and your family—visit [www.InsureUonline.org](http://www.InsureUonline.org).

*This information was courtesy the National Association of Insurance Commissioners ([www.naic.org](http://www.naic.org)), a voluntary organization of the chief insurance regulatory officials of the 50 states, the District of Columbia and five U.S. territories. Formed in 1871, the overriding objectives of state regulators are to protect consumers and help maintain the financial stability of the insurance industry.*

## The Government of the District of Columbia

Department of Insurance, Securities and Banking

Union Center Plaza

810 First St., NE, Suite 701

Washington, D.C. 20002

(202) 727-8000

Web site [www.disb.dc.gov](http://www.disb.dc.gov)